



*Leaders In Quality Apartment Home Living And Service Since 1965.*

September 12, 2013

Federal Housing Finance Agency  
Multifamily Housing Policy  
400 7th Street, S.W., Room 9-261  
Washington, DC 20024

**RE: August 9, 2013 Notice For Public Input on 2014 Multifamily Scorecard**

To Whom It May Concern:

I am writing to comment on the proposal to reduce the participation of Freddie Mac and Fannie Mae in the multifamily financing market.

Southern Management Corporation is the largest private owner/manager of market rate rental apartments in the mid-Atlantic region with over 25,000 apartment homes all located in the Baltimore/Washington region. The majority of these communities have been financed multiple times over the last 40 years with both Fannie and Freddie. At this time the agencies hold almost \$1.6 billion dollars of mortgage debt secured on our communities.

Almost all of our communities are classed as AFFORDABLE HOUSING and located in sub-markets with high demand. The average age of these communities is about 40 years with some as old as 60 years. Fannie and Freddie have provided hundreds of millions of dollars over the years to renovate, modernize, and improve energy efficiency of these assets so that their condition is comparable to newer apartment communities, but the rents are substantially less.

We are able to obtain financing from Life Insurance companies and other similar institutions for new projects that we develop. However, we have found that in most cases when an apartment community exceeds 35 to 40 years in age the amount of risk that these sources are willing to assume dramatically declines. Fannie and Freddie while being extremely diligent in their underwriting and physical examination of older properties, focus more on the financial viability of an asset and less on how it will look on the cover of a brochure.

Fannie and Freddie are a vital part of the struggle to maintain affordable housing, which is in extremely short supply in our region. I note that the multifamily divisions of both companies have been profitable for a long time and even through the 2008 to 2011 financial crisis. Any action that reduces or removes them from participation in the multifamily finance field would have a devastating effect on the viability and survival of affordable rental housing.

Sincerely,

David H. Hillman  
Chairman and CEO